



6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R04-OAR-2012-0689; FRL- 9958-42-Region 4]

Air Plan Disapproval; AL; Prong 4 Visibility for the 2008 8-hour Ozone Standard

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The Environmental Protection Agency (EPA) is disapproving the visibility transport (prong 4) portion of a revision to the Alabama State Implementation Plan (SIP), submitted by the Alabama Department of Environmental Management (ADEM), addressing the Clean Air Act (CAA or Act) infrastructure SIP requirements for the 2008 8-hour ozone National Ambient Air Quality Standards (NAAQS). The CAA requires that each state adopt and submit a SIP for the implementation, maintenance, and enforcement of each NAAQS promulgated by EPA, commonly referred to as an “infrastructure SIP.” Here, EPA is specifically disapproving the prong 4 portion of Alabama’s August 20, 2012, 2008 8-hour ozone infrastructure SIP submission. All other applicable infrastructure requirements for this SIP submission have been addressed in separate rulemakings.

DATES: This rule will be effective **[insert date 30 days after date of publication in the Federal Register]**.

ADDRESSES: EPA has established a docket for this action under Docket Identification No. EPA-R04-OAR-2012-0689. All documents in the docket are listed on the www.regulations.gov web site. Although listed in the index, some information may not be publicly available, i.e., Confidential Business Information or other information whose disclosure is restricted by statute.

Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form. Publicly available docket materials are available either electronically through www.regulations.gov or in hard copy at the Air Regulatory Management Section, Air Planning and Implementation Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW, Atlanta, Georgia 30303-8960. EPA requests that if at all possible, you contact the person listed in the FOR FURTHER INFORMATION CONTACT section to schedule your inspection. The Regional Office's official hours of business are Monday through Friday 8:30 a.m. to 4:30 p.m., excluding federal holidays.

FOR FURTHER INFORMATION CONTACT: Sean Lakeman of the Air Regulatory Management Section, Air Planning and Implementation Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW, Atlanta, Georgia 30303-8960. Mr. Lakeman can be reached by telephone at (404) 562-9043 or via electronic mail at lakeman.sean@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Background

By statute, states must submit SIPs meeting the requirements of sections 110(a)(1) and (2) of the CAA within three years after promulgation of a new or revised NAAQS to provide for the implementation, maintenance, and enforcement of that NAAQS. EPA has historically referred to these SIP submissions made for the purpose of satisfying the requirements of sections 110(a)(1) and 110(a)(2) as "infrastructure SIP" submissions. Sections 110(a)(1) and (2) require states to address basic SIP elements such as for monitoring, basic program requirements, and

legal authority that are designed to assure attainment and maintenance of the newly established or revised NAAQS. More specifically, section 110(a)(1) provides the procedural and timing requirements for infrastructure SIPs, and section 110(a)(2) lists specific elements that states must meet for the infrastructure SIP requirements related to a newly established or revised NAAQS. The contents of an infrastructure SIP submission may vary depending upon the data and analytical tools available to the state, as well as the provisions already contained in the state's implementation plan at the time the state develops and submits the submission for a particular new or revised NAAQS.

Section 110(a)(2)(D) has two components: 110(a)(2)(D)(i) and 110(a)(2)(D)(ii). Section 110(a)(2)(D)(i) includes four distinct components, commonly referred to as "prongs," that must be addressed in infrastructure SIP submissions. The first two prongs, which are codified in section 110(a)(2)(D)(i)(I), prohibit any source or other type of emissions activity in one state from contributing significantly to nonattainment of the NAAQS in another state (prong 1) and from interfering with maintenance of the NAAQS in another state (prong 2). The third and fourth prongs, which are codified in section 110(a)(2)(D)(i)(II), prohibit any source or other type of emissions activity in one state from interfering with measures required to prevent significant deterioration of air quality in another state (prong 3) or from interfering with measures to protect visibility in another state (prong 4). There are two ways in which a state's infrastructure SIP may satisfy prong 4. The first is through a confirmation in the infrastructure SIP submission that the state has an EPA-approved regional haze SIP that fully meets the requirements of 40 CFR 51.308 or 51.309. Alternatively, in the absence of a fully approved regional haze SIP, a state may meet the requirements of prong 4 through a demonstration in its infrastructure SIP

submission that emissions within its jurisdiction do not interfere with other states' plans to protect visibility. Section 110(a)(2)(D)(ii) requires SIPs to include provisions ensuring compliance with sections 115 and 126 of the Act, relating to international and interstate pollution abatement, respectively.

On March 12, 2008, EPA revised the 8-hour ozone NAAQS to 0.075 parts per million. *See* 73 FR 16436 (March 27, 2008). States were required to submit infrastructure SIP submissions for the 2008 8-hour ozone NAAQS to EPA no later than March 12, 2011. Alabama submitted its infrastructure SIP for the 2008 8-hour ozone NAAQS on August 20, 2012; this action only addresses the prong 4 element of the August 2012 submission.

Alabama's August 20, 2012, 2008 8-hour ozone infrastructure submission cites to the State's regional haze SIP alone to satisfy prong 4 requirements.¹ Alabama's regional haze SIP relies on the Clean Air Interstate Rule (CAIR)² as an alternative to the best available retrofit technology (BART) requirements for its CAIR-subject electric generating units (EGUs).³

Although this reliance on CAIR was consistent with the CAA at the time the State submitted its

¹ As mentioned above, a state may meet the requirements of prong 4 in the absence of a fully approved regional haze SIP by showing that its SIP contains adequate provisions to prevent emissions from within the state from interfering with other states' measures to protect visibility. Alabama did not, however, provide a demonstration in the infrastructure SIP submission subject to this proposed action that emissions within its jurisdiction do not interfere with other states' plans to protect visibility.

² CAIR created regional cap-and-trade programs to reduce sulfur dioxide (SO₂) and nitrogen oxides (NO_x) emissions in 28 eastern states, including Alabama, that contributed to downwind nonattainment and maintenance of the 1997 8-hour ozone NAAQS and the 1997 PM_{2.5} NAAQS.

³ Section 169A of the CAA and EPA's implementing regulations require states to establish long-term strategies for making reasonable progress towards the national goal of achieving natural visibility conditions in certain Class I areas. The 156 mandatory Class I federal areas in which visibility has been determined to be an important value are listed at subpart D of 40 CFR part 81. For brevity, these areas are referred to here, simply as "Class I areas."

Implementation plans must give specific attention to certain stationary sources. Specifically, section 169A(b)(2)(A) of the CAA requires states to revise their SIPs to contain such measures as may be necessary to make reasonable progress towards the natural visibility goal, including a requirement that certain categories of existing major stationary sources built between 1962 and 1977 procure, install, and operate BART as determined by the state. Under the Regional Haze Rule, states are directed to conduct BART determinations for such "BART-eligible" sources that may be anticipated to cause or contribute to any visibility impairment in a Class I area.

regional haze SIP, CAIR has since been replaced by the Cross-State Air Pollution Rule (CSAPR)⁴ and can no longer be relied upon as an alternative to BART or as part of a long-term strategy (LTS) for addressing regional haze. Therefore, EPA finalized a limited disapproval of Alabama's 2008 regional haze SIP submission to the extent that it relied on CAIR to satisfy the BART and LTS requirements.⁵ *See* 77 FR 33642 (June 7, 2012).

In that limited disapproval action, EPA also amended the Regional Haze Rule to provide that CSAPR can serve as an alternative to BART, i.e., that participation by a state's EGUs in a CSAPR trading program for a given pollutant achieves greater reasonable progress toward the national goal of achieving natural visibility conditions in Class I areas than source-specific BART for those EGUs for that pollutant.⁶ *See* 40 CFR 51.308(e)(4); 77 FR 33642. A state can participate in the trading program through either a federal implementation plan (FIP) implementing CSAPR or an integrated CSAPR state trading program implemented through an approved SIP revision. In promulgating this amendment to the Regional Haze Rule, EPA relied on an analytic demonstration of visibility improvement from CSAPR implementation relative to BART based on an air quality modeling study.

At the time of the rule amendment, questions regarding the legality of CSAPR were pending before the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) and the court had stayed implementation of the rule. The D.C. Circuit subsequently

⁴ CSAPR addresses the interstate transport of emissions contributing to nonattainment and interfering with maintenance of the two air quality standards covered by CAIR as well as the 2006 PM_{2.5} NAAQS. CSAPR requires substantial reductions of SO₂ and NO_x emissions from EGUs in 28 states in the eastern United States.

⁵ EPA finalized a limited approval of Alabama's regional haze SIP on June 28, 2012. *See* 77 FR 38515.

⁶ Legal challenges to EPA's determination that CSAPR can be an alternative to BART are pending. *Utility Air Regulatory Group v. EPA*, No. 12-1342 (D.C. Cir. filed August 6, 2012).

vacated and remanded CSAPR in August 2012, leaving CAIR in place temporarily.⁷ However, in April 2014, the Supreme Court reversed the vacatur and remanded to the D.C. Circuit for resolution of the remaining claims.⁸ The D.C. Circuit then granted EPA's motion to lift the stay and to toll the rule's deadlines by three years.⁹ Consequently, implementation of CSAPR Phase 1 began in January 2015 and implementation of Phase 2 is scheduled to begin in January 2017.

Following the Supreme Court remand, the D.C. Circuit conducted further proceedings to address the remaining claims. In July 2015, the court issued a decision denying most of the claims but remanding the Phase 2 sulfur dioxide (SO₂) emissions budgets for Alabama, Georgia, South Carolina, and Texas and the Phase 2 ozone-season nitrogen oxides (NO_x) budgets for 11 states to EPA for reconsideration.¹⁰ Since receipt of the D.C. Circuit's 2015 decision, EPA has engaged the affected states to determine appropriate next steps to address the decision with regard to each state.¹¹ In a November 10, 2016, proposed rulemaking, EPA stated that it expects that potentially material changes to the scope of CSAPR coverage resulting from the remand will be limited to withdrawal of the CSAPR FIP requiring Texas to participate in the Phase 2 trading programs for annual emissions of SO₂ and NO_x and withdrawal of Florida's CSAPR FIP requirements for ozone-season NO_x, which EPA recently finalized in another action.¹²

⁷ *EME Homer City Generation, L.P. v. EPA*, 696 F.3d 7 (D.C. Cir. 2012).

⁸ *EPA v. EME Homer City Generation, L.P.*, 134 S. Ct. 1584 (2014), *reversing* 696 F.3d 7 (D.C. Cir. 2012).

⁹ Order, *EME Homer City Generation, L.P. v. EPA*, No. 11-1302 (D.C. Cir. issued October 23, 2014).

¹⁰ *EME Homer City Generation, L.P. v. EPA*, 795 F.3d 118, 138 (D.C. Cir. 2015). The D.C. Circuit did not remand the CSAPR ozone season NO_x budgets for Alabama.

¹¹ As discussed below, Alabama submitted a SIP revision to EPA on October 26, 2015, to incorporate the Phase 2 annual NO_x and annual SO₂ CSAPR budgets for the State into the SIP. EPA approved this SIP revision in a final action published on August 31, 2016. *See* 81 FR 59869.

¹² *See* 81 FR 78954 (November 10, 2016) for further discussion regarding EPA's expectations and the proposed withdrawal of the CSAPR FIP for Texas.

Due to these expected changes to CSAPR's scope, EPA conducted a sensitivity analysis to the 2012 CSAPR "alternative to BART" demonstration showing that the analysis would have supported the same conclusion if the actions that EPA has proposed to take or has already taken in response to the D.C. Circuit's remand – specifically, the proposed withdrawal of PM_{2.5}-related CSAPR Phase 2 FIP requirements for Texas EGUs and the recently finalized withdrawal of ozone-related CSAPR Phase 2 FIP requirements for Florida EGUs – had been reflected in that analysis. EPA's November 10, 2016, notice of proposed rulemaking sought comment on this sensitivity analysis. *See* 81 FR 78954.

Alabama sought to convert the 2012 limited approval/limited disapproval of the State's CAIR-reliant regional haze SIP to a full approval through a SIP revision submitted on October 26, 2015. This SIP revision intended to adopt the CSAPR trading program into the SIP, including the State's Phase 2 annual NO_x and annual SO₂ CSAPR budgets, and then to replace reliance on CAIR with reliance on CSAPR to satisfy its regional haze BART and LTS requirements. Although EPA has approved the CSAPR trading program into the Alabama SIP,¹³ EPA has not yet had an opportunity to evaluate comments received on its proposal that CSAPR should continue to be available as an alternative to BART.¹⁴ EPA thus cannot approve the portion of Alabama's 2015 SIP submission seeking to replace reliance on CAIR with reliance on CSAPR to satisfy the BART and LTS requirements at this time. Because Alabama's prong 4 SIP submission relies solely on the State having a fully approved regional haze SIP, EPA proposed to disapprove the prong 4 element of Alabama's August 20, 2012, 2008 8-hour ozone infrastructure SIP submission in a notice of proposed rulemaking (NPRM) published on

¹³ *See* 81 FR 59869 (August 31, 2016).

¹⁴ The deadline for these comments is January 9, 2017. *See* 81 FR 88636 (December 8, 2016).

December 5, 2016 (81 FR 87503). Additional detail regarding the background and rationale for EPA's action is contained in the NPRM.

Comments on the proposed rulemaking were due on or before December 27, 2016. EPA received one adverse comment on the December 5, 2016, NPRM. The comment was submitted by the Utility Air Regulatory Group (hereinafter referred to as "the Commenter") and is available in the docket for this final rulemaking action. EPA's response and a summary of the comment are provided below.

II. Response to Comment

Comment: The Commenter asserts that EPA should approve Alabama's August 20, 2012, 2008 8-hour ozone infrastructure SIP revision in "conjunction with Alabama's reliance in its October 2015 SIP on CSAPR to satisfy BART and other regional haze rule requirements." According to the Commenter, EPA has the authority and an obligation to approve Alabama's October 2015 regional haze SIP because EPA has approved the State's CSAPR annual SO₂ and NO_x emissions budgets into the Alabama SIP and because the "CSAPR=BART rule . . . remains legally in effect." The Commenter believes that Alabama is "plainly entitled to rely at this time on the CSAPR=BART rule" and that EPA's reliance on the November 10, 2016 rulemaking that proposed to reaffirm that CSAPR can serve as an alternative to source-specific BART is a "legally and factually invalid reason for EPA to refuse at this time to approve Alabama's 2015 regional haze SIP submission and, by extension, Alabama's 2012 prong 4 submission."

Response: EPA disagrees with the Commenter. EPA is disapproving the prong 4 element of Alabama's August 20, 2012, 8-hour ozone infrastructure SIP revision because the State does not have a fully-approved regional haze SIP and has not otherwise shown that its SIP

contains adequate provisions to prevent emissions from within the State from interfering with other states' measures to protect visibility. Although Alabama's 2015 regional haze SIP submission sought to convert the limited approval/limited disapproval of its regional haze SIP to a full approval by relying on CSAPR to satisfy BART and LTS requirements, intervening developments dictate that EPA cannot act on that revision until EPA completes action on the D.C. Circuit's remand of certain CSAPR budgets and determines the impact of the final remand response on CSAPR participation as an alternative to BART requirements.

As discussed above, CSAPR's scope has been impacted by the D.C. Circuit's remand of the Phase 2 SO₂ emissions budgets for Alabama, Georgia, South Carolina, and Texas and the Phase 2 ozone season NO_x budgets for 11 states. The magnitude of this impact and the resulting effect on the CSAPR "alternative to BART" rule depends, in part, on the actions of the states with remanded budgets. EPA expects that potentially material changes to CSAPR's scope will be limited to the withdrawal of Texas from the annual NO_x and SO₂ trading program and the withdrawal of Florida from the ozone-season NO_x trading program based on several considerations, including discussions with the affected states, the incorporation of the CSAPR Phase 2 annual NO_x and SO₂ budgets into the Alabama SIP, and commitment letters from Georgia and South Carolina to adopt the CSAPR Phase 2 budgets.¹⁵ EPA's November 10, 2016, proposed determination that CSAPR would continue to be available as an alternative to BART is therefore based on the assumption that Georgia and South Carolina will remain in CSAPR with annual NO_x and SO₂ emissions budgets equal to or more stringent than those in their CSAPR

¹⁵ See letters to Heather McTeer Toney, Regional Administrator, EPA Region 4, from Judson H. Turner, Director of the Environmental Protection Division, Georgia Department of Natural Resources (May 26, 2016) and from Myra C. Reece, Director of Environmental Affairs, South Carolina Department of Health and Environmental Control (April 19, 2016), available in the docket for this action.

FIPs. However, EPA has not yet received SIP revisions from Georgia or South Carolina adopting their respective CSAPR FIP budgets. Although EPA expects that Georgia and South Carolina will submit such SIP revisions in the near future, the continued validity of CSAPR as an alternative to BART will only be resolved under EPA's November 10, 2016, proposal if and when Georgia and South Carolina submit SIP revisions adopting their respective remanded CSAPR budgets; EPA addresses public comment on its November 10, 2016 proposed determination that CSAPR continues to be an alternative to BART given the expected changes to CSAPR's scope; and EPA finalizes its determination that CSAPR remains an alternative to BART. For these reasons, EPA cannot approve Alabama's 2015 regional haze SIP revision at this time. Because Alabama does not have a fully approved regional haze SIP and has not alternatively demonstrated that its emissions do not interfere with other states' required measures protecting visibility, EPA must disapprove the prong 4 element of Alabama's August 20, 2012, 8-hour ozone infrastructure SIP revision.

III. Final Action

As described above, EPA is disapproving the prong 4 portion of Alabama's August 20, 2012, 2008 8-hour ozone infrastructure SIP submission. All other applicable infrastructure requirements for this SIP submission have been addressed in separate rulemakings.

IV. Statutory and Executive Order Reviews

Under the CAA, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable federal regulations. *See* 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the CAA. EPA is determining that the prong 4 portion of

the aforementioned SIP submission does not meet federal requirements. Therefore, this action does not impose additional requirements on the state beyond those imposed by state law. For that reason, this action:

- is not a “significant regulatory action” subject to review by the Office of Management and Budget under Executive Orders 12866 (58 FR 51735, October 4, 1993) and 13563 (76 FR 3821, January 21, 2011);
- does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);
- does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4);
- does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);
- is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA; and

- does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

The SIP is not approved to apply on any Indian reservation land or in any other area where EPA or an Indian tribe has demonstrated that a tribe has jurisdiction. In those areas of Indian country, the rule does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), nor will it impose substantial direct costs on tribal governments or preempt tribal law.

The Congressional Review Act, 5 U.S.C. 801 *et seq.*, as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. EPA will submit a report containing this action and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of the rule in the Federal Register. A major rule cannot take effect until 60 days after it is published in the Federal Register. This action is not a “major rule” as defined by 5 U.S.C. 804(2).

Under section 307(b)(1) of the CAA, petitions for judicial review of this action must be filed in the United States Court of Appeals for the appropriate circuit by [insert date 60 days from date of publication of this document in the Federal Register]. Filing a petition for reconsideration by the Administrator of this final rule does not affect the finality of this action for the purposes of judicial review nor does it extend the time within which a petition for judicial

review may be filed, and shall not postpone the effectiveness of such rule or action. This action may not be challenged later in proceedings to enforce its requirements. *See* section 307(b)(2).

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Incorporation by reference, Intergovernmental relations, Nitrogen dioxide, Ozone, Particulate Matter, Reporting and recordkeeping requirements, Volatile organic compounds.

Dated: January 5, 2017.

Heather McTeer Toney,

Regional Administrator,

Region 4.

40 CFR part 52 is amended as follows:

PART 52-APPROVAL AND PROMULGATION OF IMPLEMENTATION PLANS

1. The authority citation for part 52 continues to read as follows:

Authority: 42 U.S.C. 7401 *et seq.*

Subpart B—Alabama

2. Section 52.53 is amended by adding a reserved paragraph (d) and paragraph (e) to read as follows:

§ 52.53 Approval status.

* * * * *

(e) *Disapproval.* Portion of the state implementation plan (SIP) revision submitted by the State of Alabama, through the Alabama Department of Environmental Management (ADEM) on August 20, 2012, that addresses the visibility protection (prong 4) element of Clean Air Act section 110(a)(2)(D)(i) for the 2008 8-hour Ozone National Ambient Air Quality Standards (NAAQS). EPA is disapproving the prong 4 portion of ADEM's SIP submittal because it relies solely on the State having a fully approved regional haze SIP to satisfy the prong 4 requirements for the 2008 8-hour Ozone NAAQS.